

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CEA-02 CIAE-00 COME-00 EB-11

EA-11 FRB-02 INR-10 IO-14 NEA-10 NSAE-00 RSC-01

OPIC-12 SPC-03 TRSE-00 CIEP-02 LAB-06 SIL-01 SWF-02

OMB-01 FEA-02 DRC-01 /137 W
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R 281855Z FEB 74

FM USMISSION OECD PARIS
TO SECSTATE WASHDC 1932
INFO AMEMBASSY DUBLIN

UNCLAS OECD PARIS 5214

DEPT PASS COMMERCE FOR USTS

E.O. 11652: N/A

TAGS : ETRD, ENRG, OCON, OECD

SUBJECT : EFFECTS OF OIL CRISIS ON TOURISM IN OECD COUNTRIES

REF : (A) STATE 32942, (B) DAF/TOU/74.396

1. SUMMARY : TOURISM COMMITTEE POSTPONED FULL ASSESSMENT OF EFFECTS OF OIL CRISIS (REF B) TO JUNE SESSION, PRELIMINARY DISCUSSION MARKED BY FEELING OF OPTIMISM BASED ON (1) VIEW THAT OIL NO LONGER SERIOUS PROBLEM FOR TOURISM INDUSTRY ,(2) FACT THAT EUROPEAN TRAVEL BOOKINGS AT HIGH LEVEL , AND (3) BELIEF THAT IN LONG RUN ENERGY CRISIS PROBABLY WOULD BE LESS IMPORTANT IN INTERNATIONAL TOURISM THAN RISING OVERALL COSTS, CURRENCY FLUCTUATIONS AND IMAGE OF RECEIVING COUNTRIES TO PROSPECTIVE TOURISTS (PARTICULARLY) EUROPEAN IMAGE IN US) ACTION REQUESTED : COPIES OF USTS ASSESSMENT (PARA 3 REF A) AS SOON AS AVAILABLE. MISSION BELIEVES ADVANCE COPIES TO COMMITTEE MEMBERS WILL FACILITATE RESPONSES TO QUESTIONS USTS MAY POSE ON TRAVEL PLANS OF EUROPEAN AND JAPANESE TOURISTS. END SUMMARY.

2. EFFECTS OF OIL CRISIS. COMMITTEE FELT IT TOO EARLY FULLY TO
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ASSESS IMPACT OF "ENERGY SITUATION" AND AGREED THAT QUESTIONS

POSED REF B SHOULD BE CONSIDERED AT JUNE SESSION. FOCUS OF DISCUSSIONS WAS INTRA-EUROPEAN TRAVEL PLANS AND NOT EUROPEAN TRAVEL TO US. MEMBERS FELT IT PREMATURE TO ASSESS IMPACT OF HIGHER PETROLEUM PRICES, WHICH THEY BELIEVE NOT YET FULLY REFLECTED IN TRAVEL PRICES, HOWEVER, GENERAL FEELING WAS THAT HIGHER COST OF PETROLEUM ONLY ONE FACTOR IN GENERAL INFLATION PICTURE IN MEMBER COUNTRIES, THAT DEMAND FOR TRAVEL WOULD REMAIN HIGH BECAUSE PEOPLE WERE LIKELY TO POSTPONE PURCHASE OF DURABLES (E.G., AUTOS AND TVS) RATHER THAN FORGO VACATIONS, AND THAT IN LONG RUN RISING INCOME WOULD SUPPORT TOURISM AT GROWING LEVEL IN SPITE OF HIGHER PRICES. IMMEDIATE EFFECT ON TOURISM OF OIL SHORTAGE AND HIGHER PRICES TO TAKE FORM OF SHIFT AWAY FROM AUTOMOBILE TRIPS AND MORE DISTANT OVERSEAS TRAVEL VACATION FACILITIES IN HOME AND NEAR-BY COUNTRIES.

3. NATIONAL COMMENTS. UK REP SAID OVERSEAS TRAVEL BOOKINGS BY UK NATIONALS DOWN 30 PERCENT THIS YEAR BUT THAT DOMESTIC BOOKINGS HAD INCREASED. HE NOTED INCREASE IN AIR FARES IN LAST THREE MONTHS HAD SERIOUS EFFECT ON NUMBER OF US TOURISTS BOOKED FOR UK. HE AND OTHERS DOUBTED WHETHER OIL CONSERVATION MEASURES WOULD SERIOUSLY AFFECT NUMBER OF AIR CHARTER FLIGHTS IN EUROPEAN TRADE. AUSTRALIAN REP COMMENTED THAT AUTOMOBILE OWNERS HAD FORCED REVOCATION OF DRIVING BANS IN EUROPE AND THUS TOURISM DEMAND HAD HAD GREATER EFFECT ON ENERGY SITUATION THAN VICE-VERSA. JAPANESE REP PREDICTED FEWER JAPANESE WOULD GO ABROAD THIS YEAR BECAUSE GOJ HAD REINTRODUCED RESTRICTIONS ON PURCHASE OF FOREIGN CURRENCY BY JAPANESE TOURISTS AND GOJ POLICY IN ALLOCATION OF FUEL FAVORED HIGHER PRICED REGULAR AIR FLIGHTS OVER CHARTER FLIGHTS. HE ALSO SAID GOJ PREFERRED TO CURB GROWTH OF PACKAGE TOURS. RE REF B, HE THOUGHT QUESTIONS ON IMPACT ON GENERAL ECONOMY TOO BROAD BUT WILLING TO SUPPLY DETAILED INFORMATION ON IMPLEMENTATION OF GOJ POLICIES. SWEDISH REP NOTED THAT PRIME INTEREST OF FOREIGN TOURISTS WAS AVAILABILITY OF GASOLINE IN SWEDEN AND THAT RATE OF EARLY RESERVATIONS FOR PEAK SUMMER SEASON HIGHER THAN IN 1973. SPANISH REP SAID NUMBER OF SPANIARDS GOING ABROAD IN DECEMBER UP 19.5 PERCENT OVER 1972 AND JANUARY FIGURE UP 7.6 PERCENT OVER 1973. FIGURES FOR FOREIGN TOURISTS ENTERING SPAIN IN SAME PERIOD WERE DOWN 2.6 PERCENT AND UP 3.4 PERCENT RESPECTIVELY. NORWEGIAN REP SAID THAT OIL CRISIS HAD HAD UNCLASSIFIED

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NO IMPACT ON WINTER SEASON AND THEY WERE OPTIMISTIC THAT SUMMER SEASON WOULD BE EQUALLY GOOD.

4. US TOURISM. IRISH REP REPORTED THAT US TRAVEL AGENTS IN FEBRUARY 20 DUBLIN MEETING ALARMED AT SHARP DROP IN NUMBER OF AMERICANS PLANNING TRIPS TO EUROPE THIS YEAR. ONE US AGENT REPORTED BOOKINGS DOWN BY 84 PERCENT. IRISH REP ATTRIBUTED DECREASE IN BOOKINGS TO INCREASED AIR FARES, UNCERTAIN EXCHANGE RATE

FOR DOLLAR AND TO FEELING BY AMERICAN TOURISTS THAT THEY
"NOT WANTED" IN EUROPE. DUBLIN MEETING URGED GOVERNMENT
TOURISM AUTHORITIES TO MOUNT BROAD PUBLICITY CAMPAIGN
TO CORRECT "FALSE" EUROPEAN IMAGE. BROWN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TOURISM, ECONOMIC CONDITIONS, PETROLEUM, SUPPLIES, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OECDP05214
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974023/aaaaacbn.tel
Line Count: 119
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: (A) STATE 32942, (B) DAF/TOU/74.396
Review Action: RELEASED, APPROVED
Review Authority: WorrelSW
Review Comment: n/a
Review Content Flags:
Review Date: 28 FEB 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 FEB 2002 by elbezefj>; APPROVED <03 DEC 2002 by WorrelSW>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: : EFFECTS OF OIL CRISIS ON TOURISM IN OECD COUNTRIES
TAGS: ETRD, ENRG, OCON, OECD
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005